

IRS TAX TIP 2002-49

GIFT GIVING

If you give any one person gifts valued at more than \$10,000 in 2001, it is necessary to report the total gift to the Internal Revenue Service. You may even have to pay tax on the gift. For 2002, the amount rises to \$11,000.

The person who receives your gift does not have to report the gift to the IRS or pay gift or income tax on its value.

You make a gift when you give property, including money, or the use or income from property, without expecting to receive something of equal value in return. If you sell something at less than its value or make an interest-free or reduced-interest loan, you may be making a gift.

There are some exceptions to the tax rules on gifts. The following gifts do not count against the annual limit:

- Tuition or medical expenses that you pay directly to an educational or medical institution for someone's benefit
- Gifts to your spouse
- Gifts to a political organization for its use
- Gifts to charities

If you are married, both you and your spouse can give separate gifts of up to the annual limit to the same person without making a taxable gift.

For more information, get the IRS Publication 950, "Introduction to Estate and Gift Taxes," IRS Form 709 or 709-A, "United States Gift Tax Return," and "Instructions for Form 709." They are available at the IRS Web site at www.irs.gov through the "Forms and Publications Finder." They are also available at local IRS offices or by calling 1-800-TAX-FORM (1-800-829-3676).

XXX

EDITOR'S NOTE: Members of the news media can subscribe to IRS Tax Tips by sending an e-mail to [*TaxTips@irs.gov](mailto:TaxTips@irs.gov). Please e-mail this address if you want to be removed from the mailing list. Back issues of Tax Tips also can be accessed at www.irs.gov by checking at the bottom of the directory under the News Releases and Fact Sheets. If you need additional information, contact your local IRS Media Relations office or call 202-622-4000.